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From:

Sent: Wednesday, December 08, 2010 11:32:20 AM

To:

Cc:

Subject: Advance Bonus Issue

Hi , I haven't encountered the issue before. I don't know whether the arrangement is common in the industry but I suspect it is. I think the issue is whether the advances in anticipation of future bonuses were bona fide loans. The rev rules attached are the relevant authority (not the material cited in the TAM and the write-up which seem inapposite). It would be relevant what happens if an employee terminates before the "loan" is repaid, and how the arrangement is documented and what actually occurs in practice. We could discuss factual development with you and the agent.

Attachments: Rev Rul 68-239, Rev Rul 68-337